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International cadre of operatives used in Iran arms deal

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The broad outline of an extensive international arms-trade and money-laundering operation is coming into sharper focus as new details of covert White House activities emerge.

United States Justice Department investigators are working to piece together an elaborate scheme involving a cadre of government officials, businessmen, arms dealers, and former defense and intelligence personnel who apparently used their connections and expertise to advance covertly the foreign-policy goals of the Reagan administration.

In secretly shipping arms to Iran, the group was hoping to open a diplomatic door for the administration in the post-Khomeini Islamic republic, officials say. They were also working to gain the release of Americans held by pro-Iranian terrorists in Lebanon. Three Americans have been freed since the arms deals were made.

In addition, by laundering through Swiss and Caribbean bank accounts \$10 million to \$30 million in profits from the sale of arms to Iran, the group successfully managed to circumvent a congressional ban on US government aid to contra rebels fighting to overthrow the Nicaraguan government.

Last week US Attorney General Edwin Meese III disclosed that a National Security Council staff member, Lt. Col. Oliver L. North, had directed the secret operation that sent arms to Iran and funds to administration-backed contras in Central America.

The North scandal has touched off a string of investigations aimed both at determining who was *directly* involved in the shipping of arms and the laundering of funds, as well as who in the Reagan administration might have had knowledge of Colonel North's activities prior to last week's disclosure.

The Justice Department maintains that North and Vice-Adm. John M. Poindexter, the President's national-security adviser, were the only current administration officials with knowledge of the covert effort to launder funds for the contras. Admiral Poindexter resigned last week and North was fired as a result of the affair.

The administration's arms-to-Iran secret operation is said to have begun in mid-1985 with the help of David Kimche, former director general of the Israeli Foreign Ministry and a former official in Israel's Mossad intelligence service. After initial discussions with Robert McFarlane, Poindexter's predecessor who resigned as Reagan's national-security adviser last December, Mr.

Kimche helped set up a network of Israeli and Saudi intermediaries to deal quietly with the Iranians. (Israeli officials had secretly been supplying Iran with US spare parts and munitions since the Gulf war's outbreak.

Eventually, Kimche is said to have bowed out of the operation; he was replaced by Amiram Nir, a top Israeli government adviser on terrorism. Mr. Nir served as the Israeli liaison with North.

Among the so-called middlemen in the operation were Saudi billionaire and arms dealer Adnan Khashoggi, Manachur Ghorbanifar, a wealthy Iranian exile with contacts in Tehran; and two well-connected Israeli arms merchants - Yaacov Nimrodi, who had served for 10 years in Tehran during the reign of the Shah as an Israeli military attaché, and Al Schwimmer, a founder of Israel Aircraft Industries.

On the American side, the status of middlemen and operatives is less certain, in part because of the apparent broad scope of the operation.

According to the Justice Department, the entire operation - from arms shipments to the laundering of funds - was overseen by North. A Vietnam combat veteran,

North had made a name for himself within the Reagan administration as an advocate of taking bold action. He served as the White House liaison to the contras in Central America and has long been suspected by administration critics of secret involvement in directing a flow of private funds and supplies from the US during a congressional ban on military aid to the contras.

New questions about administration involvement in supplying the contras arose following the shooting down over Nicaragua on Oct. 5 of a resupply plane staffed by former Central Intelligence Agency workers.

Contra officials at the time acknowledged that there had been a string of covert resupply flights, but they said they did not know who had set them up and how they were funded. Again, last week, contra officials said they did not know who had been the recipient of the profits from North's Iranian arms sales.

Recent evidence suggests that the profits from the arms sales may have been channeled to a covert contra resupply operation linked to a North colleague, retired Air Force Maj. Gen. Richard V. Secord. General Secord has declined to comment on the matter.

A former deputy assistant secretary of defense in charge of military assistance, Secord has been linked to both the Iranian arms shipments and to efforts to resupply the contras. He is reported to have accompanied McFarlane on a May 1986 US arms shipment flight to Tehran. In addition, according to a report in the London Times last week, roughly \$18 million in funds from the Iranian arms deal was transferred from a Swiss

company to a subsidiary in the Cayman Islands. Both were controlled by a Secord business associate, Iranian exile Albert Hakim. The funds were reportedly to help finance contra resupply efforts.

Secord has also been linked to resupply operations in Central America through telephone records. The records show that individuals at a "safe house" used by members of the secret resupply effort made repeated telephone calls to a Virginia company, Stanford Technology Trading Inc. Secord is president of the firm; Mr. Hakim is a top associate.

According to a report in the New York Times, a series of calls were made on the same day in September from the safe house to Secord's company as well as to North's former office at the White House.